



IC MEMORANDUM 09-08

TO: KEHP Insurance Coordinators

FROM: Department of Employee Insurance (DEI)

RE: Leave Without Pay Guideline Clarification

DATE: March 30, 2009

Commonwealth of Kentucky
Personnel Cabinet
Department of Employee Insurance
2nd Floor, State Office Building
501 High Street
Frankfort, Kentucky 40601

Web Site: <http://kehp.ky.gov>

The following Leave Without Pay (LWOP) guideline clarifies LWOP procedures and is consistent with the new process of current pay for insurance premiums. These guidelines apply to eligibility for the KEHP and are not meant to replace any LWOP guideline established by any agency that has an established LWOP guideline for employment.

A. Starting LWOP

Employees on approved leave without pay must work **at least one day during each semi-monthly period** (the first through the 15th and the 16th through the end of the month) to be eligible for the employer contribution for health insurance for that period. An employee can be on intermittent LWOP and continue to be eligible for the employer contribution for health insurance as long as the employee works at least one day during each semi-monthly period.

However, if the pay an employee receives is not sufficient to cover his/her portion of the premium, the employee must submit a personal check for the amount due.

Until KHRIS implementation, any portion of a premium due by the employee must be submitted to the Insurance Coordinator by the 20th of the month. The employee's personal check must be payable to the Kentucky State Treasurer. The Insurance Coordinator will forward the payment to the Financial Management Branch (FMB). After KHRIS implementation, this payment process will change.

Extended LWOP

If an employee is on approved leave without pay and does not work at least one day during each of the semi-monthly periods (the first through the 15th and the 16th through the end of the month) the employee will not be eligible for the employer contribution for health insurance for that period. The Insurance Coordinator must submit a Health Insurance Update Form to DEI providing the employee's approved LWOP begin date and the health insurance termination date (end of the semi-monthly period).

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Example:

Employee begins approved LWOP and does not work at least one day during the semi-monthly period

- during the first half of the month (1st – 15th), the Health stops on the 15th and FSA stops on the last day of work
- during the second half of the month (16th – 30th/31st), the Health stops on the last day of the month and the FSA stops on the last day of work

Employees who lose coverage due to starting approved extended LWOP (because they did not work at least one day during each semi-monthly period) must be entered into Ceridian's WebQE system to receive COBRA information.

Note: If an employee fails to submit appropriate premium payments due within the specified deadline, the ENTIRE POLICY will be canceled. If this occurs, the Insurance Coordinator should request a refund of any employer contribution amount paid.

Note: When an employee is granted approved extended LWOP, the Insurance Coordinator must send the Guidelines for Benefits While on Approved LWOP memo.

Note: Worker's Compensation – being on Worker's Compensation or being hurt on the job has no effect on LWOP or an employee's health insurance coverage. However, if an employee goes on extended LWOP the employee loses eligibility for health insurance coverage.

Note: As an employer, agencies who participate in the KEHP may have different guidelines for administering LWOP programs; this guidance is established for Health Insurance and FSA coverage only.

Note: This guidance is for extended or intermittent approved LWOP; the employee must work at least one day during each of the semi-monthly periods (the first through the 15th and the 16th through the end of the month) to be eligible for coverage.

B. Returning from Extended LWOP**1. Eligibility for the employer contribution**

An employee who returns to work after being on approved LWOP must work at least one (1) day in the semi-monthly period the employee returns to be eligible to receive the employer contribution for that period.

Example:

Employee returns from approved extended LWOP

- during the first half of the month (1st – 15th), the Health and FSA are reinstated on the 16th day of the same month of return and DEI expects half-month payments
- during the second half of the month (16th – 30th/31st), the Health and FSA are reinstated on the first of the following month and we expect a full month payment for that month

2. Eligibility for coverage changes

An employee who returns to work after being on approved LWOP will not be eligible to make any changes to his/her insurance coverage unless:

- the employee experienced a QE and applies for an appropriate change no later than thirty-five (35) days from his/her return to work date
- the employee returns in a new Plan Year and the employee was on approved LWOP during the Open Enrollment period. The employee must apply for a coverage change no later than thirty-five (35) days after the return

The Insurance Coordinator must provide the necessary applications upon return.

